

Message Text

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TAGS: EIND, EEC

SUBJECT: EC RAW MATERIALS POLICY -- PAPER FOR THE "EUROPEAN
COUNCIL"

REF: A) EC BRUSSELS 1725

B) TRANSMITTAL SLIP TO EUR/RPE DATED FEB 26,1975

C) EC BRUSSELS 1369

D) EC BRUSSELS 1519

E) LONDON 2057

1. SUMMARY: A SHORT COMMISSION PAPER ON RAW MATERIALS HAS BEEN
PREPARED AS A BASIS FOR DISCUSSION AT THE "EUROPEAN
COUNCIL" IN DUBLIN. THE THRUST OF THE PAPER IS THAT
THE EC, BEING OVERWHELMINGLY DEPENDENT ON RAW MATERIAL
IMPORTS, MUST HAVE A POSITIVE ATTITUDE TOWARDS SUPPLIER
DEMANDS, TAKE THE LEAD IN THE RAW MATERIAL PRODUCER/
CONSUMER DIALOGUE AND ADOPT POLICIES WHICH ENSURE BOTH
RELIABLE SUPPLIES AT REASONABLE PRICES FOR EUROPE AND
A NEW WORLD BALANCE FAIR TO ALL. END SUMMARY.

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2. THE MISSION HAS OBTAINED ON A CONFIDENTIAL BASIS A COPY OF THE COMMISSION COMMUNICATION TO THE COUNCIL ON RAW MATERIALS WHICH HAS BEEN PREPARED FOR THE "EUROPEAN COUNCIL" TO BE HELD IN DUBLIN ON MARCH 10-11, (COM(75)84) OF FEB 25, 1975. (A COPY HAS BEEN TRANSMITTED TO EUR/RPE, ATTENTION HARDING.) THE COMMUNICATION CONSISTS OF A THREE PAGE PAPER ON THE ISSUES (DESCRIBED BELOW), AND SEVERAL ANNEXES: A BRIEF SUMMARY OF THE COMMISSION'S COMMUNICATION TO THE COUNCIL ON RAW MATERIALS (SEE REFS B AND C), A LISTING OF INTERNATIONAL FORA WHERE RAW MATERIAL PROBLEMS ARE BEING DISCUSSED, A TABLE ON EC DEPENDENCE ON IMPORTED RAW MATERIAL SUPPLIES AND AN INDEX OF RAW MATERIAL PRICES SHOWING PRICE FLUCTUATIONS OVER THE PAST FIVE YEARS.

3. IN BRIEF, THE IDEA THE COMMISSION IN CONVEYING IS THAT AS THE EC RELIES OVERWHELMINGLY ON IMPORTED RAW MATERIALS, IT MUST ADDRESS ITSELF TO THE NEW DEMANDS BEING POSED BY THE PRODUCING COUNTRIES IN ORDER TO INSURE RELIABLE SUPPLIES AT REASONABLE PRICES. THE NEW STRATEGY OF THE RAW MATERIAL PRODUCERS REQUIRES A COMPREHENSIVE RESPONSE INVOLVING A LASTING AND BALANCED INTER-DEPENDENCE. POSITIVE ATTITUDES AND POLICIES ARE REQUIRED.

4. REGARDING POLICIES, THE PAPER DISTINGUISHES BETWEEN THOSE OF A GENERAL NATURE AND THOSE REQUIRED ON A PRODUCT-BY-PRODUCT BASIS. REGARDING THE FORMER, IT CITES THE EC'S DESIRE TO DISCUSS EXPORT RESTRICTION RULES IN THE MTN AND NOTES THE EXPORT EARNING STABILIZATION SCHEME (STABEX) AND SUGAR ARRANGEMENTS IN THE LOME AGREEMENT (SEE REF D). REGARDING PROBLEMS THAT CAN ONLY BE SOLVED ON A PRODUCT-BY-PRODUCT BASIS, IT NOTES A PREFERENCE FOR INTERNATIONAL COMMODITY ARRANGEMENTS WHENEVER POSSIBLE, BUT RECOGNIZES THAT IN SOME CIRCUMSTANCES THE EC WILL BE REQUIRED TO ADOPT A SUPPLIER-BY-SUPPLIER BILATERAL APPROACH.

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5. THE PAPER SAYS THAT THE EC MUST WORK OUT MEASURES TO REDUCE SHORT-TERM COMMODITY FLUCTUATIONS AND SHOULD CONTRIBUTE A NEW WORLD BALANCE, FAIR TO ALL, WITHOUT DESTROYING THE BASIC ECONOMIC MECHANISMS. IN THIS REGARD, IT STATES CONSIDERATION MUST BE GIVEN TO PRICE STABILIZATION ARRANGEMENTS, COOPERATION AGREEMENTS, STOCK PILING AND ENCOURAGEMENT FOR INVESTMENT IN MINING. THOUGHT MUST ALSO BE GIVEN

TO MEASURES WHICH INSURE THAT THE MOVEMENT OF PRIMARY
MANUFACTURING ACTIVITIES TOWARD SUPPLIER COUNTRIES
TAKES PLACE IN AN ORDERLY MANNER.

6. THE PAPER RECOMMENDS THAT THE EC MAKE IT CLEAR
THAT IT INTENDS TO PURSUE A CONSTRUCTIVE DIALOGUE
ON RAW MATERIALS IN THE UN, GATT, UNCTAD, ETC.
FINALLY, THE PAPER CALLS UPON THE EC TO TAKE THE
LEAD IN THE RAW MATERIAL PRODUCER/CONSUMER DIALOGUE.

7. COMMENT: THE COMMISSION PAPER WHICH IS DESIGNED
TO BE THE BASIS FOR A WIDE RANGING DISCUSSION AT
DUBLIN, IS THE COMMISSION RESPONSE TO A PAPER
REPORTEDLY CIRCULATED BY THE BRITISH PERMANENT
REPRESENTATIVE ON RAW MATERIALS. CONTACTS IN THE
UK PERMREP HAVE SPOKEN TO US ABOUT PRIME MINISTER
WILSON'S PERSONAL INTEREST IN THIS SUBJECT (SEE
REFTEL E). GREENWALD

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